

**Remarks:**

Reconsideration of the application is respectfully requested.

Claims 2 - 15 and 17 - 22 are presently pending in the application. Claim 1 was previously canceled. Claim 16 has been canceled, herein. No claims are being amended at this time.

In item 8 of the above-identified Office Action, claim 16 was objected to as improperly depending from claim 15, for allegedly failing to further limit the subject matter of a previous claim. In order to address the objection in item 8 of the Office Action, claim 16 has been canceled from the present application.

In item 10 of the Office Action, claims 2 - 4, 6, 9, 10 and 13 - 22 were rejected under 35 U.S.C. § 103(a) as allegedly being obvious over The Bank Credit Card Business, American Bankers Association ("**ABA**"), in view of U. S. Patent Application Publication No. 2003/0041025 to Bonalle et al ("**BONALLE**"), and further in view of 401(k) Too Nice To Pinch, Eileen Ambrose ("**AMBROSE**"). In item 27 of the Office Action, claims 5, 11, and 12 were rejected under 35 U.S.C. § 103(a) as allegedly being obvious over **ABA** in view of **BONALLE**, and further in view of **AMBROSE**, and further still in view of "Orchard Credit Cards" ("**ORCHARD**"). In item 31 of the Office Action, claims 7

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and 8 were rejected under 35 U.S.C. § 103(a) as allegedly being obvious over **ABA**, in view of "PSECU Capitol Card" ("PSECU").

Applicant respectfully traverses the above rejections.

More particularly, claim 2 recites, among other limitations:

(a) establishing a stored credit on behalf of a consumer corresponding to an amount advanced by the consumer;

(b) setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees, the parameters being set by the consumer; [emphasis added by Applicant]

Similarly, Applicant's independent claim 15 recites, among other limitations:

(a) establishing a stored credit in a financial institution on behalf of a consumer, corresponding to an amount advanced by the consumer;

(b) setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of the payment of interest and the payment of late fees, the parameters being set by the consumer; [emphasis added by Applicant]

Additionally, Applicant's independent claim 22 recites, among other limitations:

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a record of a credit stored by a consumer at the financial institution;

a billing system for managing said stored credit according to parameters set by the consumer, wherein said billing system debits said stored credit in accordance with purchases made using said debit card;

said billing system generating a statement detailing said debits to said stored credit and any interest or late fees due in accordance with said parameters, said billing system further debiting an amount of said debits from the record of the stored credit and crediting said stored credit in the amount of any repayments of debits, payments of late fees and payments of interest made by the consumer; [emphasis added by Applicant]

As such, Applicants' claims 2 and 15 require, among other limitations, a stored credit that corresponds to an amount advanced by the consumer. Similarly, Applicant's claim 22 requires, among other limitations a credit stored by the consumer. As such, the invention of Applicant's claims recites and requires a pre-paid (i.e., secured) stored credit (i.e., "savings in a bank account"; "the user's own funds") stored/advanced by the consumer, borrowing from which requires repayment according to parameters for repayment set by the consumer.

Further, Applicant's claims 2 and 15 specifically require, among other limitations, the parameters for repayment to be set, by the consumer, for amounts borrowed from the pre-stored credit of the consumer. Correspondingly, Applicant's

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independent claim 22 requires, among other limitations, a **billing system generating a statement detailing debits to the stored credit** (i.e., the credit "stored by a consumer"), and **any interest or late fees due in accordance with the parameters set by the consumer.**

The cited references do not teach or suggest, among other limitations of Applicant's claims, **the consumer setting the parameters for the payment of interest and late fees on amounts debited from the consumer's own savings** (i.e., "stored credit", "credit stored by a consumer"), as required by Applicant's claims.

First, the **ABA** reference fails to teach or suggest, among other limitations of Applicant's claims, establishing a stored credit on behalf of a consumer, corresponding to an amount advanced by the consumer. Page 4 of the Office Action alleged that such was shown on pages **183-185** of the **ABA** reference. However, the copy of the **ABA** reference supplied to Applicant ends on page **89**. Thus, the Office Action failed to particularly point to any place in the **ABA** reference that shows a stored credit. Applicant believes, as discussed in the response to the previous Office Action, that the **ABA** reference ***teaches away from*** the consumer advancing/storing credit, and as such, the **ABA** reference teaches away from

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Applicant's claims. More particularly, the **ABA** reference discloses **advancing unsecured credit** (i.e., not a **stored credit advanced by the consumer**) to a consumer, and arranging for repayment of the **unsecured credit amounts used**. Nothing in the **ABA** reference teaches or suggests arranging for (i.e., invoicing for) repayment of sums **borrowed by the consumer from accounts holding the consumer's own money** (i.e., stored credit corresponding to an amount advanced by the consumer). In fact, page 3 of the **ABA** reference, states in part:

**Bank credit card credit** differs from installment lending in the following ways (see exhibit 1.1):

- **Because the debt is unsecured**, the bank does not have recourse to specific collateral if customer defaults.
- **The bank's exposure equals or can even exceed the credit line** (for example, if a bank authorizes a request for additional credit or a cardholder exceeds his or her credit line), while with installment lending, the bank's exposure decreases each month the loan is in force.
- The repayment cycle, and therefore **the term of the loan**, is extended each time the cardholder accesses his or her credit line. [emphasis added by Applicant]

None of the above occurs in Applicant's claimed invention. Rather, because the Applicant is drawing only on **secured** funds (i.e., savings), the bank does not have the same risks as with credit cards. In fact, the **ABA** reference specifically teaches away from the invention of Applicant's claims. More particularly, page 7 of the **ABA** reference states, in part:

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The net result is that consumers have found credit cards convenient, widely accepted, safe and flexible. Credit is immediately available to fund everyday transactions, including when the cardholder wants to avoid using personal funds. [emphasis added by Applicant]

Clearly, the ABA reference teaches away from use of the card for drawing from the cardholder's personal funds (i.e., "Credit is immediately available to fund everyday transactions, including when the cardholder wants to avoid using personal funds"), as is required by Applicant's claims.

As such, contrary to the statement made on page 4 of the Office Action, the ABA reference fails to teach or suggest, among other limitations of Applicant's claims, establishing a stored credit on behalf of a consumer, corresponding to an amount advanced by the consumer.

Additionally, as acknowledged on page 5 of the Office Action, the ABA reference also fails to teach or suggest, among other limitations of Applicants' claims:

(b) setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees, the parameters being set by the consumer;

Rather, page 5 of the Office Action points to the BONALLE reference as allegedly disclosing the setting of parameters

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for repayment by the consumer. Applicant respectfully disagrees.

More particularly, page 5 of the Office Action states, in part:

Bonalle teaches (b) **setting parameters for repayment of amounts borrowed from the stored credit**, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees (see paragraph 11). [emphasis added by Applicant]

However, Applicant respectfully disagrees that **BONALLE** teaches or suggests, among other limitations of Applicant's claims, **setting parameters for repayment of amounts borrowed from the stored credit**, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees. Like **ABA**, **BONALLE** discloses a system wherein unsecured credit is extended to a consumer. See, for example, paragraph [0003] of **BONALLE**, stating in part:

After applying and qualifying **for a new transaction card account (e.g., credit or charge card)**, a consumer typically receives a card and/or account number with an associated finance charge for any late payments or **unpaid balances**. [emphasis added by Applicant]

That **BONALLE** relates to a system for extending unsecured credit to a consumer, is further supported by paragraph [0011] of **BONALLE**, cited in the Office Action, which states, in part:

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Moreover, one skilled in the art will appreciate that any type of interest rate or finance charge arrangement may be contemplated by the present invention such as, for example, a constant interest rate, a varying interest rate, an interest rate that adjusts throughout different time periods, application of the interest rate to any portion of the charges or balance, interest rates that are due weekly, monthly, yearly or any other time period, interest rates based on other factors (e.g., membership status, economic indicators, etc) and/or the like. [emphasis added by Applicant]

See also, for example, paragraph [0009] of **BONALLE**, which states:

In the typical situation, a consumer 10 applies for a transaction card 12, and if qualified, the issuer sends the consumer 10 a transaction card 12 having an account number 14 associated with a transaction account 34, wherein the transaction account includes a line of credit with a credit limit 30 and a pre-disclosed set interest rate 36. The account number 14 may be used by the consumer 10 to charge purchases to the transaction account. With respect to a purchase transaction, after obtaining authorization for the account number 14 and the purchase amount from the card issuer (e.g., American Express, bank or other financial institution), the merchant 18 requests settlement of the charge from the card issuer and the card issuer pays the merchant 18 the value of the charge. The card issuer then sends a bill to the consumer 10 requesting payment by a certain date of the recent charges associated with the transaction account. If the consumer 10 does not pay the entire amount of the charges, the issuer may add a finance charge related to the unpaid balance on the next billing statement. [emphasis added by Applicant]

As such, **BONALLE** discloses providing the consumer with a credit or charge account including a line of credit with a credit limit, wherein interest is charged on the balance owed to the financial institution associated with the card. As



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such, BONALLE certainly does not disclose the consumer advancing an amount to form a stored credit. Correspondingly, because BONALLE, like ABA fails to teach or suggest a stored credit corresponding to an amount advanced by the consumer, like ABA, BONALLE also fails to teach or suggest, among other limitations of Applicant's claims, setting parameters for repayment of amounts borrowed from the stored credit. Rather, BONALLE discloses a consumer choosing when to apply a promotional interest rate to the balance of advanced unsecured credit owed to the institution. See, for example, the Abstract of BONALLE, which states:

The present invention includes a system and method for facilitating the customization of a transaction card having a set interest rate by allowing a consumer to choose when to use the promotional rate or customize other promotional offers. The consumer can select or customize the offer by telephoning a consumer service agent or entering the request via the Internet. The system adjusts the set interest rate to be equivalent to the promotional interest rate such that the promotional interest rate is activated on the calendar date and during the promotional time period.

See also, for example, paragraph [0011] of BONALLE, cited in the Office Action. Applicant respectfully believes that consenting to when a particular interest rate or another applies, is not the same as setting the interest rate. Applicant's claims require the consumer to set the interest rate.

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However, even taken with the alleged setting of the interest rate, arguendo, neither the **ABA**, nor the **BONALLE** reference, teach or suggest, among other limitations of Applicant's claims, establishing a stored credit on behalf of a consumer, corresponding to an amount advanced by the consumer and setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees, as required by Applicant's claims.

Further, the Office Action cited the **AMBROSE** reference as allegedly disclosing at least one of interest and a late fee being added to the remaining credit to form a new stored credit available to the consumer. However, like **ABA** and **BONALLE**, **AMBROSE** also fails to teach or suggest, among other limitations of Applicant's claims, establishing a stored credit on behalf of a consumer, corresponding to an amount advanced/stored by the consumer and the consumer setting parameters for repayment of amounts borrowed from the stored credit, wherein the parameters for repayment include parameters for at least one of a payment of interest and a payment of late fees, as required by Applicant's claims. More particularly, the last sentence of the first page of the cited **AMBROSE** article states:

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You repay the to yourself with interest, usually at the prime rate, now at 9.5 percent, or prime plus 1 percentage point. [emphasis added by Applicant]

The above citation from the **AMBROSE** article accurately states the state of the law for repaying loans from one's 401(k) account at predefined interest rates set by the plan, and not set by the consumer, as required by Applicant's claims. Thus, like **ABA** and **BONALLE**, **AMBROSE** fails to teach or suggest, among other limitations of Applicant's claims, establishing a stored credit on behalf of a consumer, corresponding to an amount advanced/stored by the consumer and the consumer setting parameters for repayment of amounts borrowed from the stored credit.

As such, Applicant's claims are believed to be patentable over **ABA**, **BONALLE** and **AMBROSE**, whether taken alone, or in combination.

In fact, Applicant believes that the **ABA** reference is not combinable with any "stored credit" system, in the manner set forth in the Office Action. More particularly, modifying the **ABA** reference to relate to a credit stored/advanced by the consumer would destroy the teachings of the **ABA** reference.

Page 7 of the **ABA** reference states, in part:

The net result is that consumers have found credit cards convenient, widely accepted, safe and flexible.

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**Credit is immediately available to fund everyday transactions, including when the cardholder wants to avoid using personal funds.** [emphasis added by Applicant]

Clearly, the **ABA** reference teaches that the ABA system can be used including when the cardholder wants to avoid using personal funds. Thus **ABA** teaches against tying up and/or actually using the user's personal funds. Modifying the **ABA** reference to store and borrow from a consumer's personal funds would impermissibly destroy the teachings of the **ABA** reference, while still not teaching or suggesting all limitations of Applicant's claims.

The **ORCHARD** and **PSECU** references, cited in the Office Action against certain dependent claims, in combination with the **ABA**, **BONALLE** and **AMBROSE** references, do not cure the above-discussed deficiencies of the **ABA**, **BONALLE** and **AMBROSE** references. As such, the combination of the **ABA**, **BONALLE**, **AMBROSE**, **ORCHARD** and **PSECU** references still fail to teach or suggest, among other limitations of Applicant's claims, the consumer setting the parameters for repayment of amounts borrowed from the consumer's own stored credit.

As such, Applicant's claims are believed to be patentable over **ABA**, **BONALLE**, **AMBROSE**, **ORCHARD** and **PSECU**, whether taken alone, or in combination.

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It is accordingly believed that none of the references, whether taken alone or in any combination, teach or suggest the features of claims 1, 15 and 22. Claims 1, 15 and 22 are, therefore, believed to be patentable over the art. The dependent claims are believed to be patentable as well because they all are ultimately dependent on claims 1 or 15.

In view of the foregoing, reconsideration and allowance of claims 2 - 22 are solicited.

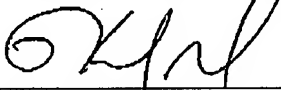
In the event the Examiner should still find any of the claims to be unpatentable, counsel would appreciate receiving a telephone call so that, if possible, patentable language can be worked out. In the alternative, the entry of the amendment is requested, as it is believed to place the application in better condition for appeal, without requiring extension of the field of search.

If an extension of time for this paper is required, petition for extension is herewith made.

Please charge any fees that might be due with respect to Sections 1.16 and 1.17 to the Deposit Account of Lerner Greenberg Sterner LLP, No. 12-1099.

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Respectfully submitted,



For Applicant

Kerry P. Sisselman  
Reg. No. 37,237

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Lerner Greenberg Stemmer LLP  
Post Office Box 2480  
Hollywood, FL 33022-2480  
Tel: (954) 925-1100  
Fax: (954) 925-1101